

2SSB 5799 - S AMD 527

By Senators Haugen, Prentice

ADOPTED 04/13/2007

1 Strike everything after the enacting clause and insert the
2 following:

3 "**Sec. 1.** RCW 82.04.260 and 2006 c 354 s 4 and 2006 c 300 s 1 are
4 each reenacted and amended to read as follows:

5 (1) Upon every person engaging within this state in the business of
6 manufacturing:

7 (a) Wheat into flour, barley into pearl barley, soybeans into
8 soybean oil, canola into canola oil, canola meal, or canola byproducts,
9 or sunflower seeds into sunflower oil; as to such persons the amount of
10 tax with respect to such business shall be equal to the value of the
11 flour, pearl barley, oil, canola meal, or canola byproduct
12 manufactured, multiplied by the rate of 0.138 percent;

13 (b) Beginning July 1, 2012, seafood products which remain in a raw,
14 raw frozen, or raw salted state at the completion of the manufacturing
15 by that person; as to such persons the amount of tax with respect to
16 such business shall be equal to the value of the products manufactured
17 or the gross proceeds derived from such sales, multiplied by the rate
18 of 0.138 percent;

19 (c) Beginning July 1, 2012, dairy products that as of September 20,
20 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
21 including byproducts from the manufacturing of the dairy products such
22 as whey and casein; or selling the same to purchasers who transport in
23 the ordinary course of business the goods out of state; as to such
24 persons the tax imposed shall be equal to the value of the products
25 manufactured or the gross proceeds derived from such sales multiplied
26 by the rate of 0.138 percent. Sellers must keep and preserve records
27 for the period required by RCW 82.32.070 establishing that the goods
28 were transported by the purchaser in the ordinary course of business
29 out of this state;

1 (d) Beginning July 1, 2012, fruits or vegetables by canning,
2 preserving, freezing, processing, or dehydrating fresh fruits or
3 vegetables, or selling at wholesale fruits or vegetables manufactured
4 by the seller by canning, preserving, freezing, processing, or
5 dehydrating fresh fruits or vegetables and sold to purchasers who
6 transport in the ordinary course of business the goods out of this
7 state; as to such persons the amount of tax with respect to such
8 business shall be equal to the value of the products manufactured or
9 the gross proceeds derived from such sales multiplied by the rate of
10 0.138 percent. Sellers must keep and preserve records for the period
11 required by RCW 82.32.070 establishing that the goods were transported
12 by the purchaser in the ordinary course of business out of this state;

13 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel
14 feedstock, as those terms are defined in RCW 82.29A.135; as to such
15 persons the amount of tax with respect to the business shall be equal
16 to the value of alcohol fuel, biodiesel fuel, or biodiesel feedstock
17 manufactured, multiplied by the rate of 0.138 percent; and

18 (f) Alcohol fuel or wood biomass fuel, as those terms are defined
19 in RCW 82.29A.135; as to such persons the amount of tax with respect to
20 the business shall be equal to the value of alcohol fuel or wood
21 biomass fuel manufactured, multiplied by the rate of 0.138 percent.

22 (2) Upon every person engaging within this state in the business of
23 splitting or processing dried peas; as to such persons the amount of
24 tax with respect to such business shall be equal to the value of the
25 peas split or processed, multiplied by the rate of 0.138 percent.

26 (3) Upon every nonprofit corporation and nonprofit association
27 engaging within this state in research and development, as to such
28 corporations and associations, the amount of tax with respect to such
29 activities shall be equal to the gross income derived from such
30 activities multiplied by the rate of 0.484 percent.

31 (4) Upon every person engaging within this state in the business of
32 slaughtering, breaking and/or processing perishable meat products
33 and/or selling the same at wholesale only and not at retail; as to such
34 persons the tax imposed shall be equal to the gross proceeds derived
35 from such sales multiplied by the rate of 0.138 percent.

36 (5) Upon every person engaging within this state in the business of
37 acting as a travel agent or tour operator; as to such persons the

1 amount of the tax with respect to such activities shall be equal to the
2 gross income derived from such activities multiplied by the rate of
3 0.275 percent.

4 (6) Upon every person engaging within this state in business as an
5 international steamship agent, international customs house broker,
6 international freight forwarder, vessel and/or cargo charter broker in
7 foreign commerce, and/or international air cargo agent; as to such
8 persons the amount of the tax with respect to only international
9 activities shall be equal to the gross income derived from such
10 activities multiplied by the rate of 0.275 percent.

11 (7) Upon every person engaging within this state in the business of
12 stevedoring and associated activities pertinent to the movement of
13 goods and commodities in waterborne interstate or foreign commerce; as
14 to such persons the amount of tax with respect to such business shall
15 be equal to the gross proceeds derived from such activities multiplied
16 by the rate of 0.275 percent. Persons subject to taxation under this
17 subsection shall be exempt from payment of taxes imposed by chapter
18 82.16 RCW for that portion of their business subject to taxation under
19 this subsection. Stevedoring and associated activities pertinent to
20 the conduct of goods and commodities in waterborne interstate or
21 foreign commerce are defined as all activities of a labor, service or
22 transportation nature whereby cargo may be loaded or unloaded to or
23 from vessels or barges, passing over, onto or under a wharf, pier, or
24 similar structure; cargo may be moved to a warehouse or similar holding
25 or storage yard or area to await further movement in import or export
26 or may move to a consolidation freight station and be stuffed,
27 unstuffed, containerized, separated or otherwise segregated or
28 aggregated for delivery or loaded on any mode of transportation for
29 delivery to its consignee. Specific activities included in this
30 definition are: Wharfage, handling, loading, unloading, moving of
31 cargo to a convenient place of delivery to the consignee or a
32 convenient place for further movement to export mode; documentation
33 services in connection with the receipt, delivery, checking, care,
34 custody and control of cargo required in the transfer of cargo;
35 imported automobile handling prior to delivery to consignee; terminal
36 stevedoring and incidental vessel services, including but not limited
37 to plugging and unplugging refrigerator service to containers,

1 trailers, and other refrigerated cargo receptacles, and securing ship
2 hatch covers.

3 (8) Upon every person engaging within this state in the business of
4 disposing of low-level waste, as defined in RCW 43.145.010; as to such
5 persons the amount of the tax with respect to such business shall be
6 equal to the gross income of the business, excluding any fees imposed
7 under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

8 If the gross income of the taxpayer is attributable to activities
9 both within and without this state, the gross income attributable to
10 this state shall be determined in accordance with the methods of
11 apportionment required under RCW 82.04.460.

12 (9) Upon every person engaging within this state as an insurance
13 agent, insurance broker, or insurance solicitor licensed under chapter
14 48.17 RCW; as to such persons, the amount of the tax with respect to
15 such licensed activities shall be equal to the gross income of such
16 business multiplied by the rate of 0.484 percent.

17 (10) Upon every person engaging within this state in business as a
18 hospital, as defined in chapter 70.41 RCW, that is operated as a
19 nonprofit corporation or by the state or any of its political
20 subdivisions, as to such persons, the amount of tax with respect to
21 such activities shall be equal to the gross income of the business
22 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
23 percent thereafter. The moneys collected under this subsection shall
24 be deposited in the health services account created under RCW
25 43.72.900.

26 (11)(a) Beginning October 1, 2005, upon every person engaging
27 within this state in the business of manufacturing commercial
28 airplanes, or components of such airplanes, as to such persons the
29 amount of tax with respect to such business shall, in the case of
30 manufacturers, be equal to the value of the product manufactured, or in
31 the case of processors for hire, be equal to the gross income of the
32 business, multiplied by the rate of:

33 (i) 0.4235 percent from October 1, 2005, through the later of June
34 30, 2007, or the day preceding the date final assembly of a
35 superefficient airplane begins in Washington state, as determined under
36 RCW 82.32.550; and

37 (ii) 0.2904 percent beginning on the later of July 1, 2007, or the

1 date final assembly of a superefficient airplane begins in Washington
2 state, as determined under RCW 82.32.550.

3 (b) Beginning October 1, 2005, upon every person engaging within
4 this state in the business of making sales, at retail or wholesale, of
5 commercial airplanes, or components of such airplanes, manufactured by
6 that person, as to such persons the amount of tax with respect to such
7 business shall be equal to the gross proceeds of sales of the airplanes
8 or components multiplied by the rate of:

9 (i) 0.4235 percent from October 1, 2005, through the later of June
10 30, 2007, or the day preceding the date final assembly of a
11 superefficient airplane begins in Washington state, as determined under
12 RCW 82.32.550; and

13 (ii) 0.2904 percent beginning on the later of July 1, 2007, or the
14 date final assembly of a superefficient airplane begins in Washington
15 state, as determined under RCW 82.32.550.

16 (c) For the purposes of this subsection (11), "commercial
17 airplane," "component," and "final assembly of a superefficient
18 airplane" have the meanings given in RCW 82.32.550.

19 (d) In addition to all other requirements under this title, a
20 person eligible for the tax rate under this subsection (11) must report
21 as required under RCW 82.32.545.

22 (e) This subsection (11) does not apply after the earlier of: July
23 1, 2024; or December 31, 2007, if assembly of a superefficient airplane
24 does not begin by December 31, 2007, as determined under RCW 82.32.550.

25 (12)(a) Until July 1, 2024, upon every person engaging within this
26 state in the business of extracting timber or extracting for hire
27 timber; as to such persons the amount of tax with respect to the
28 business shall, in the case of extractors, be equal to the value of
29 products, including byproducts, extracted, or in the case of extractors
30 for hire, be equal to the gross income of the business, multiplied by
31 the rate of 0.4235 percent from July 1, 2006, through June 30, 2007,
32 and 0.2904 percent from July 1, 2007, through June 30, 2024.

33 (b) Until July 1, 2024, upon every person engaging within this
34 state in the business of manufacturing or processing for hire: (i)
35 Timber into timber products or wood products; or (ii) timber products
36 into other timber products or wood products; as to such persons the
37 amount of the tax with respect to the business shall, in the case of
38 manufacturers, be equal to the value of products, including byproducts,

1 manufactured, or in the case of processors for hire, be equal to the
2 gross income of the business, multiplied by the rate of 0.4235 percent
3 from July 1, 2006, through June 30, 2007, and 0.2904 percent from July
4 1, 2007, through June 30, 2024.

5 (c) Until July 1, 2024, upon every person engaging within this
6 state in the business of selling at wholesale: (i) Timber extracted by
7 that person; (ii) timber products manufactured by that person from
8 timber or other timber products; or (iii) wood products manufactured by
9 that person from timber or timber products; as to such persons the
10 amount of the tax with respect to the business shall be equal to the
11 gross proceeds of sales of the timber, timber products, or wood
12 products multiplied by the rate of 0.4235 percent from July 1, 2006,
13 through June 30, 2007, and 0.2904 percent from July 1, 2007, through
14 June 30, 2024.

15 (d) For purposes of this subsection, the following definitions
16 apply:

17 (i) "Timber products" means logs, wood chips, sawdust, wood waste,
18 and similar products obtained wholly from the processing of timber;
19 pulp; and recycled paper products.

20 (ii) "Wood products" means paper and paper products; dimensional
21 lumber; engineered wood products such as particleboard, oriented strand
22 board, medium density fiberboard, and plywood; wood doors; and wood
23 windows.

24 (13) Upon every person engaging within this state in inspecting,
25 testing, labeling, and storing canned salmon owned by another person,
26 as to such persons, the amount of tax with respect to such activities
27 shall be equal to the gross income derived from such activities
28 multiplied by the rate of 0.484 percent.

29 (14)(a) Except as provided in (b) of this subsection, until July 1,
30 2010, upon every person engaging within this state in the business of
31 making wholesale sales of motor vehicle fuel or special fuel as a motor
32 vehicle fuel distributor or a special fuel distributor; as to such
33 persons the amount of tax with respect to the business shall be equal
34 to the gross proceeds of sales of the motor vehicle fuel or special
35 fuel multiplied by the rate of 0.2904 percent.

36 (b) This subsection does not apply to sales of motor vehicle fuel
37 or special fuel when the seller:

1 (i) Removed the motor vehicle fuel or special fuel from a terminal
2 or refinery rack and is a motor vehicle or special fuel supplier;

3 (ii) Imported the motor vehicle fuel or special fuel outside the
4 bulk transfer terminal system;

5 (iii) Exported the motor vehicle fuel or special fuel; or

6 (iv) Blended the motor vehicle fuel or special fuel outside the
7 bulk transfer terminal system.

8 (c) Nothing in this subsection (14) should be construed to exempt
9 those sales of motor vehicle fuel or special fuel described in (b)(i)
10 through (iv) of this subsection (14) from the tax imposed under this
11 chapter.

12 (d) Except for the definition of "person," the definitions in
13 chapters 82.36 and 82.38 RCW apply to this subsection (14).

14 NEW SECTION. Sec. 2. This act is necessary for the immediate
15 preservation of the public peace, health, or safety, or support of the
16 state government and its existing public institutions, and takes effect
17 July 1, 2007."

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18 On page 1, line 2 of the title, after "distributors;" strike the
19 remainder of the title and insert "reenacting and amending RCW
20 82.04.260; providing an effective date; and declaring an emergency."

EFFECT: Technical changes are made to insure that the lower B&O
tax rate only applies to motor vehicle and special fuel distributors.
Shortens the time period that the preferential tax rate is in use
from five to three years.

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